

Message Text

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FOLLOWING REPEAT GENEVA 10032 ACTION SECSTATE INFO USUN NEW
YORK DATED JULY 3, 1978.

QUOTE: UNCLAS GENEVA 10032

FOR DAVID ROWE

E.O. 11652: N/A

TAGS: UNDP, EAID

SUBJECT: 25TH UNDP GOVERNING COUNCIL: AGENDA ITEM 20 -
OTHER MATTERS - UN INDUSTRY COOPERATIVE PROGRAM (UNICP)
(6/28/78 - P.M.)

1. SUMMARY: PROPOSAL INTRODUCED TO GC TO PLACE UN
INDUSTRY COOPERATIVE PROGRAM (UNICP) UNDER UNDP MANAGEMENT
AFTER ITS CURRENT ARRANGEMENT UNDER FAO MANAGEMENT
TERMINATES JUNE 30, 1978. DEBATE WAS ENERGETIC AND NO
CONSENSUS WAS REACHED ON ADOPTION OF PROPOSAL. WHILE
US DEL AND EIGHT OTHER DELEGATIONS SUPPORTED PROPOSAL,
SWEDEN AND THIRTEEN OTHERS DID NOT. ADMINISTRATOR MORSE
HOLDING INFORMAL DISCUSSIONS IN ORDER TO ACHIEVE CONSENSUS
ON SOME ARRANGEMENT WHICH WOULD PERMIT INITIATION OF
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RELATIONSHIP BETWEEN UNDP AND ICP.

2. UNDP ADMINISTRATOR AND AA OLVER INTRODUCED PROPOSAL
WHICH WOULD PLACE THIS PROGRAM PREVIOUSLY ASSOCIATED
WITH FAO UNDER DIRECTION OF UNDP. PROPOSAL BASED ON
DECISION BY UN SG TO ASSUME DIRECT RESPONSIBILITY FOR
PROGRAM AND PLACE IT UNDER UN ORGAN WITH BROADER DEVELOP-

MENTAL INTERESTS THAN THOSE OF FAO.

3. AFTER INTRODUCTION AND EXPLANATION TO GC OF A SEEMINGLY ROUTINE PROPOSAL, THE FIREWORKS BEGAN. SWEDEN OPENED DEBATE BY CRITICIZING PROPOSAL ON MANY POINTS: ICP IS FAO ACTIVITY AND REASONS FOR PROPOSING CHANGE ARE NOT CONVINCING; PROPOSED NEW THRUSTS OF ICP ACTIVITY ARE NOT CLEAR; SOME GC MEMBERS INCLUDING SWEDEN ARE WARY OF CHANGE UNLESS WELL JUSTIFIED; ANY COOPERATIVE EFFORT BETWEEN INTERNATIONAL ORGANIZATIONS, I.E., UN AND INDUSTRY IS DELICATE; FOSTERING COOPERATION IN FIELD OF INDUSTRY BETWEEN DC'S AND LDC'S IS FUNCTION OF UNIDO; CONSEQUENCES OF UNDP ACCEPTING THIS ACTIVITY ARE UNCLEAR; AND LASTLY, PROPOSAL WAS ONLY PUBLISHED AND DISTRIBUTED ON JUNE 26, LEAVING NO TIME FOR DELEGATION TO GIVE PROPER STUDY TO THIS IMPORTANT MATTER.

4. BEFORE US DEL INTERVENED, NORWAY, DENMARK, FINLAND AND YUGOSLAVIA JOINED SWEDEN IN ITS REJECTION OF ICP PROPOSAL AT THIS GC SESSION SUGGESTING THAT IT BE RECONSIDERED IN EITHER JANUARY OR JUNE 1979 SESSIONS. ITALY, FRG, THE NETHERLANDS AND SIERRA LEONE SUPPORTED PROPOSAL. ITALY EVEN PROPOSED EXPANSION OF ICP TERMS OF REFERENCE INTO OTHER FIELDS. SIERRA LEONE'S MINISTER OF ECONOMIC PLANNING GAVE A DIALECTICAL ARGUMENT CITING DP/347 AS INNOCUOUS PAPER WHICH MERELY GAVE GUIDELINES FOR UNCLASSIFIED

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ENCOURAGEMENT OF INDUSTRIAL EXPANSION OF LDC'S, PROVIDED SUGGESTIONS ON MOBILIZATION OF CHAMBERS OF COMMERCE AND PLACED OPERATIONAL CONTROL OF ICP UNDER UN ORGAN WITH A DEVELOPMENT PRESENCE IN MOST, IF NOT ALL, OF LDC'S. HE ACCUSED SOME COUNTRIES OF RESISTING TRANSFER OF TECHNOLOGY NO MATTER HOW GRADUAL IT IS PROPOSED.

5. FOLLOWING SIERRA LEONE, US DEL MADE FOLLOWING INTERVENTIONS:

BEGIN TEXT: MR. CHAIRMAN,

MY DELEGATION WOULD LIKE TO JOIN WITH THE DELEGATIONS FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, THE NETHERLANDS AND SIERRA LEONE TO EXPRESS ITS GENERAL SUPPORT FOR THE ARRANGEMENTS WHICH HAVE BEEN REPORTED TO US BY THE ADMINISTRATOR AND BY MR. OLVER. AS WE SEE IT THE ICP IN ITS NEW SETTING SHOULD OPEN UP ADDITIONAL ACCESS TO THE DEVELOPING COUNTRIES TO THE RESOURCES NEEDED.

WE ARE AWARE THAT SOME GOVERNMENTS MAY HAVE PROBLEMS

WITH THIS PROPOSAL AND WE CAN APPRECIATE THEIR CONCERN. WE NOTE, HOWEVER, THAT AS EXPLAINED IN PARAGRAPH 1 IT WAS THE SECRETARY-GENERAL WHO DECIDED TO ASSIGN THE ICP FUNCTION TO THE UNDP PROGRAM. ON BALANCE WE ARE PREPARED TO HAVE THIS PROGRAM MOVE FORWARD PARTICULARLY IN LIGHT OF THE COMPREHENSIVE REPORT PROMISED BY THE ADMINISTRATOR DURING THE 26TH SESSION.

WE NOTE WITH PARTICULAR INTEREST THAT THE FINANCING OF THE FUND WILL BE ACHIEVED THROUGH VOLUNTARY CONTRIBUTIONS, THUS CAUSING NO DRAIN ON THE RESOURCES OF THE UNDP.

THE PARTICIPATION OF NATIONS FROM DEVELOPING COUNTRIES
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IN THE PROGRAM'S SECRETARIAT WE BELIEVE IS IN KEEPING WITH THE COLLABORATIVE STYLE BETWEEN DEVELOPING COUNTRIES AND DEVELOPED COUNTRIES AND INTERNATIONAL ORGANIZATIONS. SUCH COLLABORATION SHOULD BE THE PATTERN FOR COOPERATION IN THIS DEVELOPMENT DECADE OF THE 1970'S.

THE AVOIDANCE OF DUPLICATION IN THE FIELD OF INDUSTRIAL DEVELOPMENT THROUGH THE CHANNELING OF UN RESOURCES THROUGH THIS PROGRAM IS AN OBJECTIVE TO WHICH MY DELEGATION NOTES THE ADMINISTRATOR WILL GIVE HIS PRIORITY ATTENTION.

AND LASTLY, MR. CHAIRMAN, WE LOOK FORWARD WITH GREAT INTEREST TO THE ADMINISTRATOR'S REPORT ON UNICP'S ACTIVITIES AT THE NEXT SESSION OF THE GOVERNING COUNCIL.
END TEXT.

6. FOLLOWING US DEL INTERVENTION, FRANCE, UK, CANADA, AND SWITZERLAND MADE SUPPORTIVE STATEMENTS, WITH CANADA EMPHASIZING TWO-YEAR TRIAL PERIOD SUGGESTED BY PROPOSAL WOULD PROVIDE TIME TO GATHER FACTS ON EFFICACY OF PROGRAM; INDONESIA, BURUNDI, USSR MADE STATEMENTS ALONG LINES TAKEN BY NORDICS. USSR VOICED CONCERN THAT ICP COULD BECOME QUOTE MID-WIFE UNQUOTE FOR PENETRATION OF PRIVATE MULTINATIONAL CAPITAL INTO DEVELOPING COUNTRIES.

7. MORSE MADE FOLLOWING POINTS IN REBUTTAL: (A) SG WANTED TO ADVANCE PROCESS OF DEVELOPMENT IN LDC'S AND ICP IS VEHICLE FOR TRANSFERRING INDUSTRIAL SKILLS TO THOSE COUNTRIES WHICH WANTED THEM; (B) UNDP REGARDED AS BROADER-GUAGED CONDUIT FOR INDUSTRIAL EXPANSION IN LDC'S THAN FAO; (C) SG CONCERNED WITH CONTINUITY OF PROGRAM AND IT MIGHT BE DIFFICULT TO RECONSTITUTE ICP IF THERE IS HIATUS IN ITS
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ACTIVITY; (D) HE (MORSE) WAS SENSITIVE TO USSR COMMENT ON UNDP BEING USED IMPROPERLY TO FOSTER PRIVATE CAPITAL PENETRATION AND SAID UNDP WOULD NEVER BE USED AS SUCH UNDER HIS STEWARDSHIP. HE CATEGORICALLY REJECTED USSR STATEMENT AS INADMISSIBLE; (E) HE APOLOGIZED FOR SHORT FUSE ON ISSUANCE OF PROPOSAL. MORSE SAID HE WOULD MEET PRIVATELY WITH DELEGATIONS WHO HAD PROBLEMS WITH PROPOSAL AND WOULD HOPE TO ACHIEVE A CONSENSUS ON FRIDAY, 6/30/78.

8. COMMENT: THIS PROPOSAL HAS GENERATED SOME OF SHARPEST CRITICISM HEARD AT THIS SESSION OF GC. IT IS UNCLEAR WHETHER PROPOSAL WAS SUBMITTED TO GC FOR ADOPTION BY CONSENSUS OR MERELY TO BE NOTED. SEVERAL DELEGATIONS RAISED THIS QUESTION DURING THEIR INTERVENTIONS, BUT THE POINT HAS NOT YET BEEN CLARIFIED. THERE WERE SOME MURMURINGS THAT PRESTIGE OF SG WOULD BE TARNISHED IF ADOPTION BY CONSENSUS NOT ACHIEVED THIS SESSION. PRIVATELY, GERMAN DELEGATION SUGGESTED COMPROMISE WOULD BE TO ADOPT PROPOSAL PROVISIONALLY UNTIL JAN/79 PREP CONFERENCE WHEN DELEGATIONS WOULD HAVE HAD CHANCE TO STUDY PROPOSAL IN DEPTH. VANDEN HEUVEL
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